

3Q 2008 RESULTS



Executive Summary

- CONSOLIDATED EBITDA INCREASED BY 33.4% TO CH\$ 9,216 MILLION (US\$ 16.7 MILLION)
- CONSOLIDATED REVENUES INCREASED BY 40% TO CH\$ 16,040 MILLION (US\$ 29.1 MILLION)
- NOI FOR THE QUARTER REACHED CH\$ 11,112 (US\$ 20.2 MILLION), AN INCREASE OF 35.4%
- NET INCOME TOTALED CH\$ 484 MILLION (US\$ 0.9 MILLION), GREATER IN CH\$ 6,248 MILLION THAN PREVIOUS YEAR
- FFO REACHED CH\$ 2,389 MILLION (US\$ 4.3 MILLION), AS COMPARED TO CH\$ -4,469 MILLION FOR PREVIOUS YEAR

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Notes:

- Figures are based on exchange rate as of October 1st, 2008: \$551.31 Ch\$/US\$ for all figures in dollars
- Amounts in Ch\$ in accordance with FECU (Chilean SVS Filing) as of September 30, 2008
- Symbols for quarters: 1Q, 2Q, 3Q and 4Q, as appropriate
- 1S: First Semester
- 9M: First Nine Months

II. SUMMARY OF FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT 3rd Quarter 2008

Ch\$M	3Q - 2008	% Revenues	3Q - 2007	% Revenues	Var %
Revenues	16.039.616		11.460.189		40,0%
Cost of Sales	(6.832.655)	-42,6%	(4.545.226)	-39,7%	50,3%
Gross Profit	9.206.961	57,4%	6.914.963	60,3%	33,1%
Selling, General and Administrative Expenses	(1.895.626)	-11,8%	(1.302.111)	-11,4%	45,6%
OPERATING INCOME	7.311.335	45,6%	5.612.852	49,0%	30,3%
EBITDA	9.216.423	57,5%	6.907.705	60,3%	33,4%
Financial Income	1.177.747		1.508.498		-21,9%
Profit on Investment in Related Companies	(412.922)		1.571.055		-126,3%
Other non-operating Income	195.777		204.978		-4,5%
Amortization of Goodwill	(76.797)		(65.673)		16,9%
Financial Expenses	(2.425.090)		(2.377.849)		2,0%
Other non-operating Expenses	(226.984)		(8.530.180)		-97,3%
Price-level Restatement	(3.593.805)		(3.323.911)		8,1%
Exchange Differentials	18.998		(207.941)		-109,1%
NON-OPERATING INCOME	(5.343.076)	-33,3%	(11.221.021)	-97,9%	-52,4%
Profit before Income Tax & Extraordinary Items	1.968.259		(5.608.169)		-135,1%
Income Tax	(905.061)		50.777		-1882,4%
Profit (Loss) before Minority Interest	1.063.198		(5.557.392)		-119,1%
Minority Interest	(584.316)		(211.839)		175,8%
Net Profit (Loss)	478.882		(5.769.231)		-108,3%
Amortization of Negative Goodwill	5.417		5.414		0,1%
PROFIT LOSS IN THE FISCAL YEAR	484.299	3,0%	(5.763.818)	-50,3%	-
EPS	0,80		(9,49)		-
Weighted Avg. Shares	607,25		607,25		
NOI	11.112.048	69,3%	8.209.816	71,6%	35,4%
Depreciation & Amortization	1.905.087		1.294.853		47,1%
FFO	2.389.386	14,9%	(4.468.965)	-39,0%	-

CONSOLIDATED INCOME STATEMENT First Nine Months 2008

Ch\$M	9M - 2008	% Revenues	9M - 2007	% Revenues	Var %
Revenues	44.998.735		34.608.704		30,0%
Cost of Sales	(19.049.007)	-42,3%	(13.222.024)	-38,2%	44,1%
Gross Profit	25.949.728	57,7%	21.386.680	61,8%	21,3%
Selling, General and Administrative Expenses	(5.369.602)	-11,9%	(4.787.704)	-13,8%	12,2%
OPERATING INCOME	20.580.126	45,7%	16.598.976	48,0%	24,0%
EBITDA	25.843.400	57,4%	20.463.564	59,1%	26,3%
Financial Income	3.058.760		3.668.222		-16,6%
Profit on Investment in Related Companies	2.528.153		3.848.899		-34,3%
Other non-operating Income	568.425		500.953		13,5%
Amortization of Goodwill	(224.865)		(228.116)		-1,4%
Financial Expenses	(6.973.190)		(6.381.738)		9,3%
Other non-operating Expenses	(949.300)		(8.886.830)		-89,3%
Price-level Restatement	(7.158.712)		(5.405.475)		32,4%
Exchange Differentials	(602.689)		(295.972)		103,6%
NON-OPERATING INCOME	(9.753.418)	-21,7%	(13.180.058)	-38,1%	-26,0%
Profit before Income Tax & Extraordinary Items	10.826.708		3.418.917		216,7%
Income Tax	(2.205.002)		(942.840)		133,9%
Profit (Loss) before Minority Interest	8.621.706		2.476.077		248,2%
Minority Interest	(1.455.924)		(756.687)		92,4%
Net Profit (Loss)	7.165.782		1.719.390		316,8%
Amortization of Negative Goodwill	16.258		16.267		-0,1%
PROFIT LOSS IN THE FISCAL YEAR	7.182.040	16,0%	1.735.657	5,0%	313,8%
EPS	11,83		2,86		313,8%
Weighted Avg. Shares (million)	607,25		607,25		
NOI	31.213.002	69,4%	25.251.267	73,0%	23,6%
Depreciation & Amortization	5.263.274		3.864.588		36,2%
FFO	12.445.314	27,7%	5.600.245		122,2%

III. ANALYSIS OF CONSOLIDATED RESULTS

Third Quarter Results

Revenues for the third quarter of 2008 increased 40% to Ch\$16,040 million from Ch\$11,460 million in Q307. Third quarter results reflected higher revenues of Ch\$2,576 million from the consolidation of Chilean malls Mall Plaza Estación (“MPE”) in May 2008, and Mall Plaza El Roble (“El Roble”), acquired in December 2007, and growth in revenues from the completion of renovations and expansion of selling areas at Chilean malls, principally at Arauco Maipú where the selling area has nearly doubled during the past year. In Peru, where strong consumer demand continued during the third quarter, the expansion in GLA and improvement of store mix at Mega Plaza Norte resulted in increased revenues in local currency by 25.4% to Sol\$12.9 million.

Gross profit for the quarter increased 33.1% to Ch\$9,207 million as compared to the third quarter of the previous year. Cost of sales also increased during the period by 50.3% to Ch\$6,833 million, principally as a result of the addition of new assets (MPE and El Roble), increased energy costs in Chile and higher costs associated with additional GLA from operations that were not in place in the prior year period. Operating expenses per m2 remained constant as compared to previous year.

Net operating income (“NOI”), defined as revenues less cost of sales plus depreciation and amortization, increased by 35.3% to Ch\$11,112 million from Ch\$8,210 million in the third quarter of 2007. The consolidation of MPE and El Roble positively affected the improvement in NOI, contributing Ch\$3,392 million in the third quarter.

Selling, General and Administrative Costs increased by 45.6% to Ch\$1,896 million as compared to the previous year’s period. On a quarter over quarter basis, SG & A decreased by 5.1%. The increase in costs as compared to the second quarter of 2007 primarily reflects the consolidation of two malls, increases to GLA, and human resources to support the expansion of retail distribution channels.

In the third quarter, EBITDA increased 33.4% to Ch\$9,216 million from Ch\$6,908 million (EBITDA margin was 57.5% as compared to 60.3% in Q307). 2008 EBITDA reflects increased expenses associated with the Company’s expansion in Chile, Colombia and Peru. It is expected that as these malls’ operations stabilize, associated fixed costs will decrease and EBITDA margins will improve. The EBITDA also includes a property tax amount of Ch\$33.430 million which is generally excluded from EBITDA for other comparable mall developers and operators in the Latin American region. When adjusted to exclude the property tax amount, the EBITDA margin is 61.8% in Q308. Parque Arauco can deduct property taxes paid in Chile as a credit when computing income tax.

Non operating losses improved to Ch\$(5,343) million from Ch\$(11,221) million in Q207, mainly due to the fact that the previous year’s quarter net income included a one-time cost related to the prepayment and refinancing of bonds. During the quarter the Company recorded a loss on investment in related companies of Ch\$(413) million as compared to a profit of Ch\$1,571 million in the second quarter of 2007. The Company’s participation in Alto Palermo S.A. and Mall Viña del Mar S.A. is recorded utilizing the equity method of accounting. Third quarter results have not been provided by Alto Palermo to Parque Arauco. The nine month comparison only reflects the first six months results in 2008 and compares them with the full nine month period in 2007. The financial performance at Inmobiliaria Mall Viña del Mar, which operates two shopping centers in Chile, improved modestly, with total revenues and EBITDA increasing by 1% and 4.3% respectively.

Net income increased to Ch\$484 million, or Ch\$0.80 per share, compared with the loss of Ch\$5,764 million, or Ch\$9.49 per share in Q307.

FFO ("Funds from Operations"), defined as net income plus depreciation plus amortization, was Ch\$2,389 million or Ch\$3.94 per share from Ch\$(4,469) million.

Cash and cash equivalents totaled Ch\$43,221 million in the third quarter compared to Ch\$75,126 million reported in 2007, as funds were used for the improvement and development of properties.

Total GLA was 637,799 square meters and owned GLA was 357,306 square meters. Occupancy rates continue to be near 99% or above for all owned properties except Mall Plaza El Roble where the occupancy rate was at 98.5%. Both Parque Arauco Kennedy and Mall Plaza Estacion were 100% occupied.

Property Highlights (Financial and Operating)

Parque Arauco Kennedy - During the third quarter, the construction of two new office towers, which are expected to increase foot traffic to the shopping center, was completed. PAK's total revenues in Q308 increased by 4.2% from Q307, to Ch\$8,906 million, in line with the incremental percentage increase to the property's total GLA. The property's adjusted EBITDA, excluding overhead costs to support regional operations and expansion, declined by 2.7% to Ch\$4,991 million.

Mall Arauco Maipú - This property is located in Santiago, Chile. The shopping center, due in part to the near doubling of its GLA to 53,188 m² during the last year, contributed an Ch\$ 2,050 million in revenues during the third quarter of 2008, an increase of 83.4% as compared to the total in Q307. EBITDA also rose to Ch\$1,159 million, a 153% increase over the amount reported in Q307.

Mall Plaza El Roble - The Company began consolidating El Roble's financial results in December 2007 shortly after its acquisition. The property, located in Chillán, Chile, which has a GLA of 25,016 m², derived 78% of its income from anchor tenants and contributed total revenues of Ch\$938 million during the third quarter of 2008. Both total revenues and EBITDA of Ch\$659 million remained at levels similar to those reported during the second quarter of 2008.

Mall Paseo Estación - Parque Arauco acquired an 83% stake in MPE and began consolidating this property's financial results in May 2008. During Q308, MPE's total GLA was increased by more than 20%, or nearly 7,000 m², as part of a plan to expand GLA by 25,000 m² by the end of 2008. The expansion, which allowed for the opening of two large anchor stores and additional small stores toward the end of Q308, was accompanied by a significant restructuring of the property's commercial operations, including a reduction in personnel. For the quarter, MPE reported total revenues of Ch\$1,638 million and EBITDA of Ch\$1,011.

Mega Plaza Norte - Favorable economic conditions in Peru, the incorporation of new tenants, and improved store mix helped to attract more visitors (+9.5%) and increase sales by 25.4% to Sol\$12,894 in the third quarter as compared to the same period in 2007. The urban shopping center also recorded EBITDA of Sol\$8.7 million, a 29% increase over the amount reported in Q307. An increase to GLA of 15% has been achieved at Mega Plaza Norte in the past year, bringing the total GLA to 72,189 m².

Non-Consolidated Assets

Inmobiliaria Mall Viña del Mar S.A. (Chile) - Net profit for the third quarter of 2008 increased by 4.3% to Ch\$537 million pesos based on the performance of properties Marina Arauco and Mall Center Curico. Combined, these two shopping centers have a GLA that exceeds 100,000 m². Parque Arauco holds a 33% stake in each of the malls.

Marina Arauco - Located in Viña del Mar, Chile. During the third quarter of 2008, the mall reported slight increases to revenues, Ch\$3,138 million, and EBITDA, Ch\$2,230 million, as compared to Q307 levels.

Mall Center Curicó - Located south of Santiago, approximately eighty-percent of the center's total GLA of 50,323 m² is allocated to anchor stores, and its Q308 revenues, which totaled Ch\$1,192 million, were primarily derived from large tenants. Third quarter revenues were in line with those of Q307 while EBITDA increased by 2.3% to Ch\$723 million as compared to Q307.

Alto Palermo S.A (Argentina) - Parque Arauco holds a 31.6% share on a fully diluted basis in Alto Palermo S.A. (APSA) of Argentina, which owns ten shopping centers in Argentina. Combined, these ten shopping centers have a total GLA of 232,659 m². As noted in the discussion on investments in related companies above, this entity has not, to date, reported results for the third quarter of 2008. Argentina is undergoing a severe economic downturn and it is expected that performance from the malls and its credit division "Tarshop" will be affected by this situation.

IV. EXPANSION AND NEW DEVELOPMENT PROJECTS

NEW CORPORATE STRATEGY:

- 1) Intensify **internationalization** to other countries in Latin America.
- 2) Extend the Company's regionalization through **expansion in other provinces of Chile**.
- 3) Boost growth of current assets through **investments that improve the appeal of current shopping centers**.
- 4) Develop **new concepts and formats** to stimulate growth (Strip Centers - Power Centers - Local Malls).
- 5) Form **alliances with top retail players** who already have a significant participation in real estate assets.

PROJECTS UNDER EXECUTION:

- **Barranquilla, Colombia:** Under the terms of the joint venture agreement with Conpropiudad, following an expected total investment of US\$160 million, Parque Arauco will have a 51% interest in the property. Commercial operations are expected to begin in 2010. Total GLA of the shopping center will be 80,000 m² once completed.

BARRANQUILLA PROJECT:



- **San Antonio - Chile:** In March 2008, Parque Arauco S.A. announced the purchase of a 51% interest in the Paseo del Pacifico Mall project, located in San Antonio, Chile, at a total cost of US\$44 million. The property will feature a casino, a hotel and a shopping center in the same location and will have a GLA of more than 30,000 m². Construction has commenced and is on schedule.

SAN ANTONIO PROJECT:



- **Premium Outlet Mall Quilicura - Santiago - Chile:** This premium outlet center is expected to be operational by 2010. Parque Arauco will retain a 70% equity interest in the outlet center, which will have approximately 7,000 m² of GLA and calls for a total investment of US\$18 million.

PREMIUM OUTLET QUILICURA PROJECT:



- **Arauco Express Pajaritos - Santiago - Chile:** Located in Santiago, Chile, this strip center, formerly called Strip Center Pajaritos, has a GLA of 5,274m². The construction phase is complete and the GLA 100% leased. The total investment made in the property was US\$9.2 million.
- **Arauco Maipú Stage II - Santiago - Chile:** Parque Arauco will continue to invest in this mall which is expected to open additional GLA in December 2008. Construction of Module A, a two-floor commercial area, was completed on schedule and Module B, a retail banking and insurance center, is under construction. Both phases of the mall are expected to begin commercial operations during the fourth quarter of 2008.
- **Office Towers Kennedy - Santiago - Chile:** The commercial property, which is comprised of two office towers with a total GLA of 23,441 m², is in its final stage of construction. Tower II has been fully leased, Tower I will be fully operational by March 2009, and offices are currently in the leasing phase.
- **El Golf - Lima - Peru:** This mixed-use property is scheduled to open in 2010 in San Isidro, Peru and is expected to include a five star hotel, office towers and fashion mall after a total investment of approximately US\$120 million.
- **Strip Center Chorrillos - Chorrillos - Peru:** Parque Arauco expects to invest US\$3.7 million in this strip center that is expected to open in mid 2009 in Chorrillos, Peru. During the third quarter, the City of Lima ratified changes to local zoning proposed by Parque Arauco and its local partner. With commercial zoning approved, the Company was able to proceed with its marketing study. The property has an expected GLA of 5,500 m².
- **Mall Alameda - Pereira - Colombia:** Commercial operations at this shopping center in Pereira, Colombia are expected to begin by the end of 2009. The property, in which Parque Arauco holds a 55% stake, is currently in the construction phase and will require a total investment of approximately US\$80 million. The shopping center has an expected total GLA of 41,000 m².

V. INDICATORS BY SHOPPING CENTER:

	Parque Arauco Kennedy	Arauco Maipú	Mall Plaza El Roble	Mall Paseo Estacion	Marina Arauco*	Mall Center Curico*	Mega Plaza Norte
% Tenant Revenue Composition 3Q08							
Anchor Stores	44%	51%	78%	32%	47%	81%	77%
Small Stores	47%	39%	14%	43%	44%	14%	15%
Entertainment	1%	2%	1%	5%	1%	1%	3%
Foodcourt	3%	5%	5%	14%	7%	4%	3%
Others	6%	2%	2%	6%	1%	0%	2%
	100%	100%	100%	100%	100%	100%	100%

% GLA Composition 3Q08							
Anchor Stores	45%	53%	69%	7%	43%	78%	60%
Small Stores	34%	33%	11%	33%	32%	10%	22%
Entertainment	1%	1%	2%	3%	3%	10%	1%
Foodcourt	8%	10%	7%	20%	7%	3%	13%
Others	12%	3%	10%	37%	15%	0%	4%
	100%	100%	100%	100%	100%	100%	100%

Operating Income 3Q'08	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Sol\$ Ths
Total Revenues	8,906	2,050	938	1,638	3,138	1,192	12,894
Gross Profit	4,784	998	606	936	2,583	973	9,194
<i>% Gross Margin</i>	<i>54%</i>	<i>49%</i>	<i>65%</i>	<i>57%</i>	<i>82%</i>	<i>82%</i>	<i>71%</i>
SG&A	-952	-180	-75	-142	-734	-367	-1,567
<i>% SG&A</i>	<i>-11%</i>	<i>-9%</i>	<i>-8%</i>	<i>-9%</i>	<i>-23%</i>	<i>-31%</i>	<i>-12%</i>
EBITDA	4,991	1,159	659	1,011	2,230	723	8,705
<i>% EBITDA Margin</i>	<i>56%</i>	<i>57%</i>	<i>70%</i>	<i>62%</i>	<i>71%</i>	<i>61%</i>	<i>68%</i>

Operating Income 3Q'07	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Ch\$million	Sol\$ Ths
Total Revenues	8,551	1,118	N/A	N/A	3,106	1,189	10,281
Gross Profit	5,092	420	N/A	N/A	2,524	981	7,344
<i>% Gross Margin</i>	<i>60%</i>	<i>38%</i>	<i>N/A</i>	<i>N/A</i>	<i>81%</i>	<i>83%</i>	<i>71%</i>
SG&A	-642	-131	N/A	N/A	-723	-384	-1,544
<i>% SG&A</i>	<i>-8%</i>	<i>-12%</i>	<i>N/A</i>	<i>N/A</i>	<i>-23%</i>	<i>-32%</i>	<i>-15%</i>
EBITDA	5,524	459	N/A	N/A	2,201	707	6,744
<i>% EBITDA Margin</i>	<i>65%</i>	<i>41%</i>	<i>N/A</i>	<i>N/A</i>	<i>71%</i>	<i>59%</i>	<i>66%</i>

Operating Indicators Cumulative to September	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$	Sol\$
Monthly Revenue per M2 Sep08	231,961	103,758	177,403	79,239	190,072	71,738	994
Monthly Revenue per M2 Sep07	234,657	135,647	194,272	88,819	202,108	65,464	908
<i>Var 08/07</i>	<i>-1.5%</i>	<i>-12.2%</i>	<i>-6.6%</i>	<i>-3.0%</i>	<i>-4.6%</i>	<i>11.8%</i>	<i>9.5%</i>
Monthly Rent per M2 Sep08	19,095	7,616	9,333	-	13,481	5,410	40.8
Monthly Rent per M2 Sep07	18,821	8,004	-	-	13,392	5,671	36.4
<i>Var 08/07</i>	<i>-0.3%</i>	<i>-1.1%</i>	<i>-</i>	<i>-</i>	<i>0.4%</i>	<i>-4.4%</i>	<i>12.3%</i>

Other Indicators as of September 2008							
Total Visitors Sep08 (thousands)	21,460	12,350	N/A	N/A	13,310	5,296	25,791
Total Visitors Sep07 (thousands)	19,783	10,507	N/A	N/A	13,434	4,314	47,101
<i>Var 08/07</i>	<i>10.0%</i>	<i>45.3%</i>	<i>-</i>	<i>-</i>	<i>0.0%</i>	<i>34.9%</i>	<i>12.7%</i>
% Occupancy 2008	100.0%	98.9%	98.5%	100.0%	99.8%	98.8%	99.5%
% Occupancy 2007	99.9%	100.0%	100.0%	100.0%	100.0%	97.4%	100.0%

* Non Consolidated Assets

Note: sales for Mall Paseo Estacion only include m2 with sales, which account for approximately 50% of the GLA

VI. FINANCIAL INDICATORS

Financial Indicators	UNITS	Sep-08	Sep-07
Net Financial Debt	Ch\$million	224.068	99.595
Net Financial Debt	US\$million	406	181
Net Financial Debt / (Equity + Min. Int)	times	0,92	0,44
Short-term Liabilities	%	11%	9%
Long-term Liabilities	%	89%	91%
EBITDA / Financial Expenses	times	3,71	3,21

VII. SHOPPING CENTERS DATA

MALL	Country	Total GLA (m2)	% Ownership	Own GLA (m2)
1 Parque Arauco Kennedy	CL	112.053	100,0%	112.053
2 Arauco Maipu	CL	53.188	100,0%	53.188
3 Plaza el Roble	CL	25.016	100,0%	25.016
4 Mall Paseo Estacion	CL	35.043	83,0%	29.086
5 Marina Arauco	CL	57.328	33,3%	19.109
6 Mall Center Curico	CL	50.323	33,3%	16.774
TOTAL CHILE		332.951		255.227
7 Megaplaza Norte	PE	72.189	45,0%	32.485
TOTAL PERU		72.189		32.485
8 Alto Palermo	AR	18.551	31,6%	5.862
9 Abasto	AR	39.642	31,6%	12.527
10 Patio Bullrich	AR	11.685	31,6%	3.692
11 Paseo Alcorta	AR	14.465	31,6%	4.571
12 Alto Avellaneda	AR	37.030	31,6%	11.701
13 Buenos Aires Design	AR	14.069	17,1%	2.401
14 Alto Noa	AR	18.851	31,6%	5.957
15 Alto Rosario	AR	28.561	31,6%	9.025
16 Mendoza Plaza	AR	39.688	26,9%	10.660
17 Cordoba	AR	10.117	31,6%	3.197
TOTAL ARGENTINA		232.659		69.594
TOTAL		637.799		357.306

VIII. CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER

<u>Consolidated Balance Sheet</u> (Ch\$ millions)	<u>Quarter Ended September 30,</u>		
	2008	2007	% Change
Assets:			
Cash and Cash Equivalents	43.221	75.126	-42,5%
Accounts Receivable	10.939	7.312	49,6%
Other Current Assets	13.525	7.074	91,2%
Total Current Assets	67.686	89.512	-24,4%
Net Property, Plant and Equipment	358.375	246.678	45,3%
Investments in Related Companies	75.438	76.268	-1,1%
Other Assets	38.786	10.062	285,5%
Total Assets	540.284	422.520	27,9%
Liabilities & Stockholder's Equity:			
Short Term Debt	25.722	70.143	-63,3%
Other Current Liabilities	9.331	4.843	92,7%
Total Current Liabilities	35.053	74.986	-53,3%
Long Term Debt	241.614	104.779	130,6%
Other Long Term Liabilities	19.562	15.840	23,5%
Total Long Term Liabilities	261.176	120.619	116,5%
Total Liabilities	296.229	195.605	51,4%
Minority Interests (M.I.)	10.709	6.558	63,3%
Stockholder's Equity	233.346	220.357	5,9%
Capital	139.833	142.307	-1,7%
Reserves and Others	86.332	76.314	13,1%
Retained Earnings	7.182	1.736	313,8%
Total Liabilities & Stockholder's Equity	540.284	422.520	27,9%

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PARQUE ARAUCO S.A.
CONSOLIDATED BALANCE SHEETS
Expressed in Millions of Chilean Pesos as of September 30 2008

ASSETS	<u>September - 2008</u>	<u>September - 2007</u>
Current Assets	67.686	89.512
Cash	1.867	2.443
Time deposits	3.427	2.014
Marketeable securities	13.000	14.819
Trade receivables	8.405	5.856
Notes receivables	704	397
Other receivables	871	582
Notes and accounts receivable from related parties	960	478
Inventories	0	0
Recoverable taxes	5.916	2.775
Prepaid expenses	1.054	789
Deferred income taxes	477	538
Other current assets	31.005	58.821
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	358.375	246.678
Land	66.389	55.611
Buildings and infrastructure	329.045	220.920
Machinery and equipment	5.726	5.481
Other property, plant and equipment	30.500	22.948
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(73.286)	(58.282)
Other Assets	114.224	86.330
Investments in related companies	75.438	76.268
Investments in other societies	0	0
Goodwill	25.042	3.253
Negative goodwill	(3.688)	(27)
Long Term receivables	566	667
Notes and accounts receivable from relates parties	0	0
Deferred income taxes	0	0
Intangibles assets	3.385	3.146
Amortization	(987)	(741)
Other long-term assets	14.469	3.765
Long-term leasing	0	0
Total Assets	540.284	422.520

PARQUE ARAUCO S.A.
CONSOLIDATED BALANCE SHEETS

Expressed in Millions of Chilean Pesos as of September 30 2008

	September - 2008	September - 2007
LIABILITIES		
Current Liabilities	35.053	74.986
Short-term bank borrowings	13.948	60.504
Current portion of long-term bank borrowings	10.714	8.958
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	1.014	480
Current portion of long-term borrowings	0	166
Dividends to be paid	46	36
Trade account payables	2.368	1.841
Documents payable	190	95
Sundry creditors	19	7
Notes and accounts payable to related companies	1.574	0
Accruals	1.816	1.481
Withholdings	480	446
Income tax	676	305
Unearned income	1.776	668
Deferred taxes	0	0
Other short-term liabilities	432	0
Total long-term liabilities	261.176	120.619
Long-term bank borrowings	152.502	91.146
Bonds payable	89.112	13.633
Documents payable - long-term	15	0
Sundry creditors	0	0
Notes and accounts payable to related companies	0	0
Accruals	0	0
Deferred taxes	7.070	5.712
Other long-term liabilities	12.476	10.128
Minority interest	10.709	6.558
Shareholder's Equity	233.346	220.357
Paid-in capital	139.833	142.307
Capital revaluation reserve	9.648	7.257
Additional paid-in capital	9.828	9.833
Other reserves	(10.088)	(17.676)
Retained earnings	84.126	78.636
Reserve for future dividends	76.944	76.900
Accumulated profits	0	0
Accumulated loss	0	0
Net income (loss)	7.182	1.736
Interim dividends	0	0
Deficit from development period	0	0
Total Liabilities	540.284	422.520

PARQUE ARAUCO S.A.
CONSOLIDATED INCOME STATEMENT
Expressed in Millions of Chilean Pesos as of September 30 2008

	September - 2008	September - 2007
Operating Income	20.580	16.599
Gross Profit	25.950	21.387
Revenues	44.999	34.609
Cost of sales	(19.049)	(13.222)
Selling , general and administrative expenses	(5.370)	(4.788)
Non-operating Income	(9.753)	(13.180)
Financial income	3.059	3.668
Profit on investments in related companies	2.528	3.849
Other non-operating income	568	501
Loss on investment in related companies	0	0
Amortization of goodwill	(225)	(228)
Financial expenses	(6.973)	(6.382)
Other non-operating expenses	(949)	(8.887)
Price-level restatement	(7.159)	(5.405)
Exchange differentials	(603)	(296)
Profit Before Income Tax & Extraordinary Items	10.827	3.419
Income Tax	(2.205)	(943)
Extraordinary Items	0	0
Profit (loss) before minority interest	8.622	2.476
Minority interest	(1.456)	(757)
Net profit (loss)	7.166	1.719
Amortization of negative goodwill	16	16
Profit (loss) in the fiscal year	7.182	1.736

PARQUE ARAUCO S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
Expressed in Millions of Chilean Pesos as of September 30 2008

	September - 2008	September - 2007
Cash Flows From Operating Activities	21.184	9.221
Collection of trade receivables	55.809	36.083
Financial income received	3.590	2.897
Dividends received	2.746	805
Other income received	812	602
Payments to suppliers and personnel	(26.872)	(13.399)
Interest paid	(5.413)	(4.086)
Income tax payments	(794)	(646)
Other expenses	(7.130)	(10.171)
VAT and other taxes paid	(1.565)	(2.865)
Cash Flows From Financing Activities	79.670	21.420
Proceeds from issuance of common stock	0	1.060
Borrowings from banks	76.296	102.502
Proceeds from issuance of bonds	72.939	14.113
Borrowings from related companies	0	0
Other borrowings from related companies	5.285	498
Other sources of financing	13	0
Payment of dividends	(9.673)	(6.953)
Distribution of capita	0	0
Payment of loans	(64.093)	(13.894)
Payment of public liabilities incurred	(157)	(75.907)
Payment of related companies loans	0	0
Payment of other related companies loans	0	0
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	(939)	0
Cash Flows From Investing Activities	(87.450)	(33.885)
Proceeds from sales of property, plant and equipment	403	0
Proceeds from sales of long-term investments	0	0
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	0
Other investment income	739	835
Additions to property, plant and equipment	(52.093)	(29.567)
Payment of interest capitalized	0	0
Purchase of permanent investments	(33.012)	0
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(1)	(5.146)
Other payments of investments	(3.485)	(7)
Net Cash Flow	13.404	(3.245)
	(467)	(3.482)
Price-level Restatements of Cash and Cash Equivalents	12.937	(6.727)
Net Increase (Decrease) in Cash and Cash Equivalents	18.622	70.452
Cash and Cash Equivalents at Beginning of Period	31.559	63.725
Cash and Cash Equivalents at End of Period	0	0

PARQUE ARAUCO S.A.
CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Chilean Pesos as of September 30 2008

	September - 2008	September - 2007
Income on sale of assets	1	0
Gain on sales of property, plant and equipment	1	0
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
Other Debits (Credits) to income that do not represent cash flows	8.945	9.131
Depreciation	5.263	3.865
Amortization of Intangibles	196	191
Write-offs and provisions	(1.508)	58
Equity in gains of unconsolidated affiliates	(2.528)	(3.849)
Equity in losses of unconsolidated affiliates	0	0
Amortization of goodwill	225	228
Amortization of negative goodwill	(16)	(16)
Price-level restatement	7.159	5.405
Exchange differentials	603	296
Other credits to income that do not represent cash flows	(1.317)	(575)
Other debits to income that do not represent cash flows	868	3.528
Changes in operating assets	1.523	(12)
Receivables	3.096	873
Inventories	0	0
Other current assets	(1.573)	(885)
Changes in operating liabilities	2.078	(2.391)
Trade accounts payable and notes payables relating to operating activities	(2.433)	556
Taxes to be paid	2.161	2.155
Net income tax	4.096	(316)
Other trade accounts payable relating to operating activities	(1.707)	(3.993)
VAT and other taxes	(40)	(793)
Income attributable to minority interest	1.456	757
Net cash provided by operating activities	21.184	9.221